

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, FEBRUARY 11, 2022

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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2021-00206

For approval of its 2021 RPS Plan under  
§ 56-585.5 of the Code of Virginia and  
related requests

ORDER FOR NOTICE AND HEARING

During its 2020 Session, the Virginia General Assembly enacted Chapters 1193 (HB 1526) and 1194 (SB 851) of the 2020 Virginia Acts of Assembly. These duplicate Acts of Assembly, known as the Virginia Clean Economy Act ("VCEA"), became effective on July 1, 2020. The VCEA, *inter alia*, establishes a mandatory renewable energy portfolio standard ("RPS") for Appalachian Power Company ("APCo" or "Company") in new § 56-585.5 of the Code of Virginia ("Code"). Subdivision D 4 of Code § 56-585.5 requires APCo to submit annually to the State Corporation Commission ("Commission") plans and petitions for approval of new solar and onshore wind generation capacity ("RPS Filing"). The Commission must determine whether the RPS Filing is reasonable and prudent, giving due consideration to the following factors: (i) the RPS and carbon dioxide reduction requirements in Code § 56-585.5, (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development, and (iii) fuel savings projected to be achieved by the plan.<sup>1</sup> The Commission's final order regarding any RPS Filing is required by Code § 56-585.5 D 4 to be entered by the Commission not more than six months after the date of such filing.

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<sup>1</sup> Code § 56-585.5 D 4.

On December 30, 2021, APCo submitted its second annual RPS Filing to the Commission ("2021 RPS Filing" or "Petition").<sup>2</sup> The 2021 RPS Filing requests the Commission:

- (i) Approve the Company's annual plan for the development of new solar, wind, and energy storage resources pursuant to Code § 56-585.5 D 4 in order to comply with the mandatory RPS Program established by the VCEA (the "2021 RPS Plan");
- (ii) Approve a revenue requirement of \$32,069,614 for the rate year of August 2022 through July 2023 ("Rate Year");
- (iii) Approve the cost recovery mechanisms to recover this and future revenue requirements related to compliance with the RPS Program;
- (iv) Determine that the purchase of one solar facility and the power purchase agreements ("PPAs") with three other solar facilities, all located in Virginia, are prudent;<sup>3</sup>
- (v) Approve future cost recovery related to the acquisition of two other renewable facilities, which are not located in Virginia and will not be online during the rate year; and
- (vi) Approve the treatment of renewable energy certificates ("RECs") generated by the run of river generation component of the Smith Mountain Lake Facility.<sup>4</sup>

APCo states that its 2021 RPS Plan includes a geographically varied portfolio of storage, solar and wind resources, both Company- and third-party owned, as well as market REC purchases.<sup>5</sup> Further, the Company states that its 2021 RPS Plan details six portfolios that

<sup>2</sup> APCo submitted corrected and supplemental information on January 7, 13, 14, 19, and 21, 2022.

<sup>3</sup> Code § 56-585.1:4 H permits a utility to seek a prudency determination with respect to certain new renewable facilities or PPAs and requires the Commission to rule on such petition within three months of filing. Because the prudency request in this proceeding is an integral part of the statutorily required 2021 RPS Filing as submitted by the Company, the Commission finds that the statutory requirements attendant to RPS Filings governs for purposes of this case. Accordingly, we find that the 2021 RPS Filing as a whole, including the prudency request, is subject to the requirement in Code § 56-585.5 D 4 that the Commission issue a final order within six months of filing.

<sup>4</sup> See Petition at 7-8, Attachment 2.

<sup>5</sup> *Id.* at 8.

illustrate the potential costs of compliance with the VCEA under various future resource assumptions.<sup>6</sup> APCo states that the basis of its 2021 RPS Plan is Portfolio 2, which assumes that the Company's Amos and Mountaineer coal-fired units in West Virginia will operate through 2040 and that fossil-fueled resources will not be used to replace them at that time.<sup>7</sup> APCo states that to meet the first RPS requirement, for the year 2021, it will procure and retire RECs from RPS eligible resources for six percent of the total electric energy sold in the year 2020.<sup>8</sup>

As part of the Petition, the Company is seeking a prudence determination of the acquisition of one 150 megawatt ("MW") solar facility and the agreements to purchase the output of three solar facilities via PPAs totaling approximately 89 MW, as well as the approval to recover the costs of 50 MW of Company- owned West Virginia solar and 204 MW of Illinois wind resources.<sup>9</sup> In addition, APCo is seeking cost recovery for RECs associated with 40 MW of Virginia solar contracted through its Cogen/SPP rate schedule; 15 MW of contracted solar located in Virginia; 5 MW of Company-owned solar in Virginia; as well as market REC purchases necessary for annual compliance.<sup>10</sup>

The Company also provided rate impacts of the VCEA relative to current rates through a consolidated bill analysis calculating the projected monthly bill through 2035 for residential, small general service, and large power service customers.<sup>11</sup> For example, the Company projects

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<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> Corrected 2021 RPS Development Plan at 6.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 44-45.

the monthly bill of a Virginia residential customer using 1,000 kilowatt hours ("kWh") per month to be \$171.79 by 2035, an increase of \$54.66 over the 2021 level of \$117.13,<sup>12</sup> and the Company states that the consolidated bill analysis is consistent with the Commission's Final Order in Case No. PUR-2020-00135.<sup>13</sup>

Virginia-Domiciled Solar Facilities to be Owned by APCo

The Company proposes to own two solar facilities in Virginia, the Amherst Facility and the Firefly Facility. The Amherst Facility is a 4.875 MW solar facility (fixed-tilt) being developed by SolAmerica.<sup>14</sup> In a separate proceeding, APCo seeks a prudency determination related to the acquisition of the Amherst Facility.<sup>15</sup> In this proceeding, the Company seeks to recover the costs associated with the acquisition and operation of the Amherst Facility through rate adjustment clauses ("RACs") proposed in this Petition.<sup>16</sup> The Firefly Facility is a 150 MW solar facility (single axis tracking) to be located in Pittsylvania County being developed by Recurrent.<sup>17</sup> The Company seeks a prudency determination for this acquisition and states that if the Commission determines that it is prudent, the Company will return to the Commission for approval of the acquisition pursuant to the Utility Facilities Act before the transaction is

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<sup>12</sup> *Id.* at 45, Table 23.

<sup>13</sup> *Id.* at 65 n.1.

<sup>14</sup> Petition at 9.

<sup>15</sup> See *Petition of Appalachian Power Company, For a prudency review, pursuant to § 56-585.1:4 H of the Code of Virginia, with respect to the purchase of the Amherst Solar Facility*, Case No. PUR-2021-00066, Doc. Con. Cen. No. 211210222, Petition (Nov. 18, 2021).

<sup>16</sup> Petition at 9-10.

<sup>17</sup> *Id.* at 10.

completed.<sup>18</sup> Since the Firefly Facility will not be online until July 2024, the Company states that it is not seeking approval to recover any associated costs at this time.<sup>19</sup>

Non-Virginia-Domiciled Solar Facilities to be Owned by APCo

APCo proposes to own two solar facilities outside of Virginia, the Bedington Facility and the Top Hat Facility.<sup>20</sup> The Bedington Facility is a 50 MW solar facility (single axis tracking) to be located in Berkeley County, West Virginia.<sup>21</sup> APCo plans to acquire the Bedington Facility from the developer.<sup>22</sup> APCo seeks only future cost recovery through the proposed RACs because the Bedington Facility is not expected to be online until October 2023.<sup>23</sup> APCo entered into an agreement to purchase the Top Hat Facility, a 204 MW wind project located in Logan County, Illinois.<sup>24</sup> The Company seeks only the approval of future cost recovery through the proposed RACs for the Top Hat Facility.<sup>25</sup> APCo states that both the Top Hat Facility and that Bedington Facility qualify as "RPS eligible sources" because they are both "physically located within the PJM region."<sup>26</sup>

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<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* APCo states it will seek approval from the Public Service Commission of West Virginia to acquire the facility. *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

### Power Purchase Agreements with Virginia-Domiciled Solar Facilities

The Company sets forth six solar PPAs with Virginia located facilities as part of its 2021 RPS Plan:<sup>27</sup> (1) Depot Solar, a 15 MW solar facility (fixed tilt) located in Campbell County, (2) Dogwood, an 18.9 MW solar facility (single axis tracking) located in Bedford County, (3) Leatherwood, a 20 MW solar facility (single axis tracking) located in Henry County, (4) Horsepen, a 20 MW solar facility (single axis tracking) located in Louisa County, (5) Sun Ridge Solar, a 50 MW solar facility (single axis tracking) located in Rockingham County, and (6) Wytheville, a 20 MW solar facility (single axis tracking) located in Wythe County. APCo seeks a prudence determination for the Dogwood PPA, the Horsepen PPA, and the Sun Ridge Solar PPA. The Company states that it requests approval to recover the costs associated with the Depot Solar PPA, the Leatherwood PPA, and the Wytheville PPA through the RACs proposed in the Petition.

### Legacy Voluntary Compliance Resources

APCo describes three wind PPAs that it includes as compliance resources as part of its 2021 RPS Plan. First, the Bluff Point Wind Farm PPA was executed in 2016 with an Indiana wind farm. The Camp Grove Wind Farm PPA was executed by APCo in 2007 with an Illinois wind farm. Third, the Fowler Ridge Wind Farm PPA was executed in 2007 with an Indiana wind farm. The Company asserts that the Commission approved all three of these PPAs ("Legacy Wind PPAs") as part of APCo's Voluntary RPS Compliance Portfolio.<sup>28</sup> The Company seeks permission to recover the RECs and capacity associated

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<sup>27</sup> *Id.* at 11-13.

<sup>28</sup> *Id.* at 13-14.

with these three wind PPAs through the RACs proposed and the energy through the fuel factor.<sup>29</sup> Additionally, APCo seeks permission to continue to use the RECs associated with the run of river generation of the Smith Mountain Lake Facility.<sup>30</sup>

#### Revenue Requirement and Rate Impact

APCo seeks approval to recover the Rate Year revenue requirement of \$32,069,614, of which APCo states approximately 21 percent represents costs for new resources that are online or will go online during the Rate Year and REC purchases.<sup>31</sup> The Company states that the remainder of the revenue requirement comprises the capacity and REC components of the Legacy Wind PPAs, while the energy component of the Legacy Wind PPAs will continue to be recovered through the fuel factor.<sup>32</sup>

APCo estimates that the revenue requirement bill impact on a residential customer using 1,000 kWh per month would increase by \$2.37, or 1.9%, compared to rates in effect on December 1, 2021.<sup>33</sup>

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<sup>29</sup> Petition at 14.

<sup>30</sup> *Id.* at 14.

<sup>31</sup> Amherst \$275,269; Depot \$468,046; Leatherwood \$971,619; Wytheville \$800,308; and REC purchases \$4,113,639. *Id.*

<sup>32</sup> *Id.* at 15.

<sup>33</sup> *Id.* at 15-16; Direct Testimony of Jennifer B. Sebastian ("Sebastian Direct") at 12.

### Proposed Cost Recovery Mechanisms

APCo states that it designed the proposed cost recovery mechanisms to allow it to assign costs to customers consistent with the complex statutory requirements.<sup>34</sup> It plans to quantify the value streams of each facility as applicable, including energy, capacity, shifting or avoiding certain regional transmission organization costs, reactive power revenues, and RECs.<sup>35</sup> APCo proposes three RACs.<sup>36</sup>

- (1) A.5 RPS RAC to recover the non-energy, non-ancillary services, non-capacity costs for all owned facilities, PPAs, and REC purchases;
- (2) A.5 RPS-PCAP RAC to recover the costs for the capacity purchased through PPAs; and,
- (3) A.6 RPS RAC to recover the costs of capacity and energy from facilities owned by the Company.

The Company proposes that the identification and quantification of the cost component categories for each project occur only once, when the Commission approves the initial revenue requirement for each project, and the proportion of each category to the total costs of the project remain consistent thereafter for the life of the asset or the duration of the PPA.<sup>37</sup>

The Company states that it screened each of the proposed projects for any environmental justice concerns and determined that each met the objectives of the Virginia Environmental Justice Act.<sup>38</sup> Further, the Company states that none of the projects

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<sup>34</sup> Petition at 16.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at 16-17; Sebastian Direct at 4-5.

<sup>37</sup> Petition at 17.

<sup>38</sup> *Id.* at 21.



disproportionately impacted environmental justice communities as defined in Code § 2.2-234.<sup>39</sup>

APCo seeks a limited waiver of the requirements under the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities ("Rate Case Rules") to file voluminous documents related to the Legacy Wind PPAs as part of Schedule 46.<sup>40</sup> Additionally, APCo seeks a limited waiver of the Rate Case Rules for filing the documents comprising Schedule 46 in hard copy.<sup>41</sup> Specifically, the Company asks to be able to file one hard copy of the extraordinarily sensitive documents, accompanied by three compact disks, each containing electronic versions of the documents.<sup>42</sup>

In conjunction with the filing of its 2021 RPS Filing, on December 30, 2021, the Company filed a Motion for Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Motion for Protective Ruling") and proposed protective ruling that establishes procedures governing the use of confidential and extraordinarily sensitive information in this proceeding.

On January 18, 2022, in accordance with 5 VAC 5-20-160, *Memorandum of completeness*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>43</sup> the Commission's Staff ("Staff") filed a Memorandum of Completeness/Incompleteness

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<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at 22; 20 VAC 5-204-10.

<sup>41</sup> Petition at 23.

<sup>42</sup> *Id.*

<sup>43</sup> 5 VAC 5-20-10 *et seq.*

deeming the Petition incomplete. On January 19, 2022, the Company filed a Motion to Supplement Direct Testimony ("Motion") and Supplemental Direct Testimony of William K. Castle, requesting that the Commission allow it to file supplemental testimony of William K. Castle and Michael M. Spaeth,<sup>44</sup> and that the Commission find the Petition complete with the receipt of the Motion and Mr. Castle's Supplemental testimony. On January 20, 2022, the Commission issued an Order on Motion wherein it provided an expedited schedule for the filing of responses and any reply to the Motion. On January 25, 2022, Staff filed a letter stating that if the Commission approved the waiver requests, the petition should be deemed complete as of January 21, 2022. Also on January 25, 2022, the Old Dominion Committee for Fair Utility Rates ("Committee") filed a notice of participation as a respondent in this case as well as a response to the Motion and cross motion ("Cross-Motion"), in which the Committee asks the Commission to establish a separate proceeding to consider APCo's proposals for approval of three new RACs and APCo's proposal "to assign a novel cost allocation methodology to those proposed RACs." On January 31, 2022, APCo filed its reply to the responses of Staff and the Committee to APCo's Motion, and its response to the Cross-Motion, respectively. On February 2, 2022, the Committee filed its reply to APCo's response.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company should provide public notice of its 2021 RPS Filing; a hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's 2021 RPS Filing; interested persons should have an opportunity to file comments on the Company's 2021 RPS Filing or to participate as respondents in this proceeding; and the Staff

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<sup>44</sup> APCo filed the Supplemental Direct Testimony of Michael M. Spaeth on January 21, 2022.

should be directed to investigate the 2021 RPS Filing and file testimony and exhibits containing its findings and recommendations.

We find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion for Protective Ruling and filing a final report containing the Hearing Examiner's findings and recommendations.

Next, we grant APCo's requests for limited waiver from the filing of certain voluminous documents as part of Schedule 46 relating to the Legacy Wind PPAs and the filing of hard copies of Schedule 46.

With respect to APCo's Motion and the Committee's Cross-Motion, the Commission finds as follows. We grant the requests by APCo in its Motion to file the supplemental testimony of witnesses Castle and Spaeth.<sup>45</sup> The Committee's Cross-Motion requests that the Commission establish "a separate proceeding to consider APCo's proposals for approval of three new [RACs] and to assign a novel cost allocation methodology to those proposed RACs."<sup>46</sup> The Committee asserts that "in a separate proceeding, the Commission could afford Staff and interested parties sufficient time to consider such issues."<sup>47</sup> The Committee questions whether the six month statutory deadline attendant to this proceeding is sufficient time to consider what it regards as

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<sup>45</sup> Staff filed a response stating it did not oppose the Motion. The Committee's Response and Cross-Motion requested the Commission consider APCo's Motion moot after establishing a separate proceeding that is the subject of its Cross-Motion. Committee Cross-Motion at 1. With the granting of APCo's Motion and the requested waivers, the Petition is deemed complete as of January 21, 2022, resulting in a statutory deadline of July 21, 2022.

<sup>46</sup> Committee Cross-Motion at 1.

<sup>47</sup> *Id.*

APCo's "new and complex" RACs and "novel and complex" proposed cost allocation methodology.<sup>48</sup>

APCo filed a response in opposition to the Committee's Cross-Motion. Among other things, APCo asserts that "establishing a new proceeding for cost allocation issues, with the same evidence and participants as this one, is unnecessary, duplicative, and inefficient."<sup>49</sup> No other responses were filed. In its reply, the Committee requested "that the Commission proceed to consider the sufficiency of APCo's RPS Plan in the instant proceeding but defer consideration of APCo's multiple proposed [RACs] to a separate proceeding [and] establish one (or more) separate proceedings for consideration of APCo's proposed RACs and related, complex methodologies for the allocation of the costs to be recovered through such RACs."<sup>50</sup>

In ruling on the Cross-Motion, the Commission is cognizant that, pursuant to Code § 56-585.1 A 7, petitions for approval of RACs are subject to statutory deadlines of between three and nine months depending on the type of RAC. Similarly, the Commission recognizes that Code § 56-585.5 D 4 directs APCo to include certain RAC requests in its annual RPS Filing. In consideration of the foregoing and the pleadings submitted, the Commission denies the Committee's Cross-Motion at this time.<sup>51</sup> We will, however, direct the Hearing Examiner to include in the Hearing Examiner's Final Report any recommendations concerning appropriate additional proceedings related to cost allocation.

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<sup>48</sup> *Id.* at 5, 8.

<sup>49</sup> APCo Response to Cross-Motion at 2.

<sup>50</sup> Committee Reply at 1.

<sup>51</sup> The Commission further notes that while the Commission has established a separate stand-alone cost allocation proceeding for Virginia Electric and Power Company d/b/a Dominion Energy Virginia, as cited by the Committee, that proceeding does not involve the request for approval of a RAC.

The Commission previously took judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19, in this matter.<sup>52</sup> Among other things, the Commission directed the electronic filing of testimony and pleadings, unless they contain confidential information, and required electronic service on parties to this proceeding.<sup>53</sup>

We note that the proposed RACs, if approved, would result in an increase to customer bills. We realize that the ongoing COVID-19 public health issues have caused devastating economic effects that impact utility customers. We have responded to this economic emergency by, among other actions, directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnection. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report. The Hearing Examiner shall include in the final report any recommendations concerning appropriate additional proceedings related to cost allocation.

(2) The Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Company's 2021 RPS Filing, as follows:

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<sup>52</sup> Order on Motion (Jan. 20, 2022).

<sup>53</sup> See *id.* for additional information.

- (a) A hearing for the receipt of testimony from public witnesses shall be convened telephonically at 10 a.m. on April 20, 2022, with no witness present in the Commission's courtroom.<sup>54</sup>
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before April 13, 2022, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting); (ii) by completing and emailing the PDF version of this form to [SCCInfo@scc.virginia.gov](mailto:SCCInfo@scc.virginia.gov); or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m. on April 20, 2022, the Commission will telephone sequentially each person who has signed up to testify as provided above. This hearing will not be convened, and the parties will be notified of such, if no person signs up to testify as a public witness.
- (e) This public witness hearing will be webcast at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting).

(3) A public evidentiary hearing shall be convened at 10 a.m. on April 21, 2022, either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, to receive testimony and evidence offered by the Company, respondents, and the Staff on the Company's 2021 RPS Filing. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(4) An electronic copy of the Company's 2021 RPS Filing may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or [njcoates@aep.com](mailto:njcoates@aep.com). Interested persons also may download unofficial copies from the Commission's website: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

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<sup>54</sup> The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

(5) On or before February 25, 2022, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF RENEWABLE  
PORTFOLIO STANDARD (RPS) FILING BY  
APPALACHIAN POWER COMPANY  
CASE NO. PUR-2021-00206

- Appalachian Power Company ("APCo" or the "Company") has submitted its 2021 Renewable Portfolio Standard ("RPS") Filing.
- APCo requests approval of a revenue requirement of \$32,069,614 over the rate year August 2022 through July 2023. According to APCo, this amount would increase a typical residential customer's bill using 1,000 kilowatt hours per month by \$2.37.
- The State Corporation Commission will hold a telephonic hearing in this case on April 20, 2022 at 10 a.m., for the receipt of public witness testimony.
- An evidentiary hearing will be held on April 21, 2022, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means. Further details on this hearing will be provided by subsequent Commission Order.
- Further information about this case is available on the SCC website at: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

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generation capacity ("RPS Filing"). The Commission must determine whether the RPS Filing is reasonable and prudent, giving due consideration to the following factors: (i) the RPS and carbon dioxide reduction requirements in Code § 56-585.5, (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development, and (iii) fuel savings projected to be achieved by the plan. The Commission's final order regarding any RPS Filing is required by Code § 56-585.5 D 4 to be entered by the Commission not more than six months after the date of such filing.

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The Company also provided rate impacts of the VCEA relative to current rates through a consolidated bill analysis calculating the projected monthly bill through 2035 for residential, small general service, and large power service customers. For example, the Company projects the monthly bill of a Virginia residential customer using 1,000 kilowatt hours ("kWh") per month to be \$171.79 by 2035, an increase of \$54.66 over the 2021 level of \$117.13, and the Company states that the consolidated bill analysis is consistent with the Commission's Final Order in Case No. PUR-2020-00135.

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acquisition and operation of the Amherst Facility through rate adjustment clauses ("RACs") proposed in this Petition. The Firefly Facility is a 150 MW solar facility (single axis tracking) to be located in Pittsylvania County that is being developed by Recurrent. The Company seeks a prudence determination for this acquisition and states that if the Commission determines that it is prudent, the Company will return to the Commission for approval of the acquisition pursuant to the Utility Facilities Act before the transaction is completed. Since the Firefly Facility will not be online until July 2024, the Company states that it is not seeking approval to recover any associated costs at this time.

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APCo proposes to own two solar facilities outside of Virginia: the Bedington Facility and the Top Hat Facility. The Bedington Facility is a 50 MW solar facility (single axis tracking) to be located in Berkeley County, West Virginia. APCo plans to acquire the Bedington Facility from the developer. APCo seeks only future cost recovery through the proposed RACs because the Bedington Facility is not expected to be online until October 2023. APCo entered into an agreement to purchase the Top Hat Facility, a 204 MW wind project located in Logan County, Illinois. The Company seeks only the approval of future cost recovery through the proposed RACs for the Top Hat Facility. APCo states that both the Top Hat Facility and that Bedington Facility qualify as "RPS eligible sources" because they are both "physically located within the PJM region."

#### Power Purchase Agreements with Virginia Domiciled Solar Facilities

The Company sets forth six solar PPAs with Virginia located facilities as part of its 2021 RPS Plan: (1) Depot Solar, a 15 MW solar facility (fixed tilt) located in Campbell County, (2) Dogwood, an 18.9 MW solar facility (single axis tracking) located in Bedford County, (3) Leatherwood, a 20 MW solar facility (single axis tracking) located in Henry County, (4) Horsepen, a 20 MW solar facility (single axis tracking) located in Louisa County, (5) Sun Ridge Solar, a 50 MW solar facility (single axis tracking) located in Rockingham County, and (6) Wytheville, a 20 MW solar facility (single axis tracking) located in Wythe County.

APCo seeks a prudence determination for the Dogwood PPA, the Horsepen PPA, and the Sun Ridge Solar PPA. The Company states that it requests approval to recover the costs associated with the Depot Solar PPA, the Leatherwood PPA, and the Wytheville PPA through the RACs proposed in the Petition.

#### Legacy Voluntary Compliance Resources

APCo describes three wind PPAs that it includes as compliance resources as part of its 2021 RPS Plan. First, the Bluff Point Wind Farm PPA was executed in 2016 with an Indiana wind farm. The Camp Grove Wind Farm PPA was executed by APCo in 2007 with an Illinois wind farm. Third, the Fowler Ridge Wind Farm PPA was executed in 2007 with an Indiana wind farm. The Company asserts that the Commission approved all three of these PPAs ("Legacy Wind PPAs") as part of APCo's Voluntary RPS Compliance Portfolio. The Company seeks permission to recover the RECs and capacity associated with these three wind PPAs through the RACs proposed and the energy through the fuel factor. Additionally, APCo seeks permission to continue to use the RECs associated with the run of river generation of the Smith Mountain Lake Facility.

#### Revenue Requirement and Rate Impact

APCo seeks approval to recover the Rate Year revenue requirement of \$32,069,614, of which APCo states approximately 21 percent represents costs for new resources that are online or will go online during the Rate Year and REC purchases. The Company states that the remainder of the revenue requirement comprises the capacity and REC components of the Legacy Wind PPAs, while the energy component of the Legacy Wind PPAs will continue to be recovered through the fuel factor.

APCo estimates that the revenue requirement bill impact on a residential customer using 1,000 kWh per month would increase by \$2.37, or 1.9%, compared to rates in effect on December 1, 2021.

#### Proposed Cost Recovery Mechanisms

APCo states that it designed the proposed cost recovery mechanisms to allow it to assign costs to customers consistent with the complex statutory requirements. It plans to quantify the value streams of each facility as applicable, including energy, capacity,

shifting or avoiding certain regional transmission organization costs, reactive power revenues, and RECs.

APCo proposes three RACs:

- (1) A.5 RPS RAC to recover the non-energy, non-ancillary services, non-capacity costs for all owned facilities, PPAs, and REC purchases;
- (2) A.5 RPS-PCAP RAC to recover the costs for the capacity purchased through PPAs; and
- (3) A.6 RPS RAC to recover the costs of capacity and energy from facilities owned by the Company.

The Company proposes that the identification and quantification of the cost component categories for each project occur only once, when the Commission approves the initial revenue requirement for each project, and the proportion of each category to the total costs of the project remain consistent thereafter for the life of the asset or the duration of the PPA.

The Company states that it screened each of the proposed projects for any environmental justice concerns and determined that each met the objectives of the Virginia Environmental Justice Act. Further, the Company states that none of the projects disproportionately impacted environmental justice communities as defined in Code § 2.2-234.

The foregoing is not an exhaustive list of all the proposals contained in the Company's Petition. Interested persons are encouraged to review the Company's Petition and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Petition and supporting documents and thus may adopt rates that differ from those appearing in the Company's Petition and supporting documents.

The Commission has taken judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5 20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive

Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing or subsequent Hearing Examiner's Ruling for further instructions concerning Confidential or Extraordinarily Sensitive Information.

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled public hearings on APCo's 2021 RPS Filing. On April 20, 2022, at 10 a.m., the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On or before April 13, 2022, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting); (ii) by completing and emailing the PDF version of this form to [SCCInfo@scc.virginia.gov](mailto:SCCInfo@scc.virginia.gov); or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting).

On April 21, 2022, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, the Commission will convene a hearing to receive testimony and evidence related to the Company's 2021 RPS Filing from the Company, any respondents, and the Commission's Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

An electronic copy of the Company's 2021 RPS Filing may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 1051 East Cary Street, Suite 1100,

Richmond, Virginia 23219, or [njcoates@aep.com](mailto:njcoates@aep.com). Interested persons also may download unofficial copies from the Commission's website: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

On or before March 14, 2022, any interested person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Such notice of participation shall include the email addresses of such parties or their counsel, if available. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00206. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before April 13, 2022, any interested person or entity may submit comments on the 2021 RPS Filing by following the instructions found on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments with the Clerk of the Commission at the address listed above. All such comments shall refer to Case No. PUR-2021-00206.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice.

The Company's 2021 RPS Filing, the Commission's Rules of Practice, the Commission's Order for Notice and Hearing, and other documents filed in the case may be viewed at:  
[scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

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(6) The Company shall serve each official listed in 20 VAC 5-204-10 J 1 as provided by 20 VAC 5-204-10 J 2.

(7) On or before March 7, 2022, the Company shall file proof of the notice and service required by Ordering Paragraphs (5) and (6) above, including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission by filing electronically at [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/).

(8) On or before April 13, 2022, any interested person may file comments on the 2021 RPS Filing by following the instructions found on the Commission's website:  
[scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2021-00206.

(9) On or before March 14, 2022, any interested person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to submit a notice of participation electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (8). Such notice of participation shall include the email addresses of such parties or their counsel, if available. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company.

Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00206.

(10) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the 2021 RPS Filing on the respondent.

(11) On or before March 21, 2022, each respondent may file with the Clerk of the Commission, at [scc.virginia.gov/clk/efiling](https://scc.virginia.gov/clk/efiling), any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to submit testimony and exhibits electronically may submit such by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (8). Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Company and all other respondents simultaneous with its filing. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2021-00206.

(12) On or before March 30, 2022, the Staff shall investigate the 2021 RPS Filing and file with the Clerk of the Commission its testimony and exhibits concerning the 2021 RPS Filing, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.



(13) On or before April 7, 2022, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.

(14) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.<sup>55</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued.

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<sup>55</sup> The assigned Staff attorney is identified on the Commission's website: [scc.virginia.gov/Case-Information](http://scc.virginia.gov/Case-Information), by clicking "Docket Search," and clicking "Search by Case Information," and entering the case number, PUR-2021-00206, in the appropriate box.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

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